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STATE FOR WHA/CAR (JMACK-WILSON) (BALVARADO) (VDEPIRRO) (WSMITH)  
WHA/EPSC (MROONEY) (FCORNEILLE)  
EEB/ESC/IEC/EPC (MCMANUS)  
SANTO DOMINGO FOR FCS AND FAS  
TREASURY FOR ERIN NEPHEW  
INR/RES (RWARNER)

E.O. 12958: N/A

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SUBJECT: JAMAICA: AUGUST LABOR REVIEW, PUBLIC SECTOR UNREST GROWS

REF: A. KINGSTON 581

[1](#)B. KINGSTON 504

[1](#)C. KINGSTON 631

[1](#)D. KINGSTON 638

[1](#)D. KINGSTON 471

#### Summary and Conclusion:

[1](#)1. (U) -- Prime Minister (PM) Bruce Golding reiterates promise not to cut public sector jobs despite Government of Jamaica (GOJ)'s worsening financial prospects.  
-- National Workers Union (NWU) President Vincent Morrison expresses skepticism toward PM's promise, expects GOJ austerity measures to lead to public sector job losses.  
-- Public sector workers to begin receiving enhanced fringe benefits in September.  
-- Caribbean Cement Company unable to meet monthly payroll on time; hotel workers union claims "union busting."

[1](#)2. (SBU) As Jamaica's economy continues to be buffeted by the effects of the global economic slowdown, the potential for labor unrest becomes more and more likely. The GOJ is attempting to navigate the crisis through budgetary cuts and, potentially, an IMF loan while avoiding widespread public sector job cuts that might spark social unrest. However, public and private sector workers might nevertheless come to feel that labor actions represent their only avenue of redress in an economy that seems to be spiraling out of control. End Summary and Conclusion.

#### Golding Promises To Maintain Public Sector Jobs

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[1](#)3. (U) In his remarks before a newspaper editorial forum on August 25, the PM sought to alleviate fears that his August 20, 2009, mandate that GOJ ministries cut 2009/2010 budgetary expenditures by 20 percent would result in public sector job losses. Faced with the island's most daunting economic crisis since the 1930s and a deteriorating balance of payments situation that is likely to force a return to the International Monetary Fund (IMF) for the first time since the 1990s (Reftel A), the PM affirmed that the GOJ's revenue shortfalls - over USD 113 million since April - had forced it to temporarily defer payment on some USD 90 million in goods and services contracts with private businesses. The GOJ ministries are to have their proposed expenditure cuts in to the PM by August 28, 2009, with the revamped budget expected to be presented to Parliament in early September.

[1](#)4. (U) Golding described the public sector guarantee as a "trade-off," given that his Jamaica Labour Party-led (JLP) GOJ had reneged on a promised seven percent public sector wage increase

earlier in the year. Nevertheless, the PM still pledged to reduce the 117,000 strong civil service - the wage bill for which consumes almost 11 percent of Gross Domestic Product (GDP) - through early retirement or voluntary redundancy programs. The PM acknowledged that the two year-old JLP GOJ had failed to prevent the annual public sector wage bill from increasing by over USD 460 million since 2007. Maintaining that "[g]overnment is not simply there to employ 117,000 people," Golding set as a medium term goal the reduction of public sector employment to around nine percent of GDP through voluntary cuts and economic growth.

¶5. (U) At an August 26 press conference at Jamaica House, Golding and Finance Minister Audley Shaw appeared defensive in responding to criticism from labor union leaders representing police and teachers. "There are senior police officers whose salaries exceed that of some of my ministers," Golding noted, while Shaw pointed out that teachers had seen a 65 percent increase in their salaries since ¶2007.

#### Labor Unions Wary of GOJ Promises

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¶6. (U) Golding's reassurances were met with skepticism by trade unions representing civil servants. Morrison, whose NWU is affiliated with the opposition People's National Party (PNP), insisted that, given the magnitude of the proposed expenditure cuts, Golding's GOJ would have no choice but to lay off government employees. "We have heard the Prime Minister say no job cuts," Morrison told the Jamaica Observer newspaper, "but the Prime Minister has said many things in the past and they don't hold." Despite Golding's statements, Morrison alleged that GOJ ministries were "collecting information pertaining to employees' years of service, attendance, and a number of other questions which seem like

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staff cuts in the public sector is imminent."

¶7. (U) Implying that public sector job growth under the JLP was the result of political cronyism and an overabundance of consultants, Morrison called on the GOJ to use the proposed IMF funding for public works projects rather than to stabilize Jamaica's balance of payments as a means of bolstering employment and stimulating the economy.

¶8. (U) Similarly, Sergeant Raymond Wilson, Chairman of the Police Federation representing rank-and-file members of the Jamaica Constabulary Force (JCF) reiterated that the police union was refusing to accept the wage freeze as presented.

#### GOJ Bracing For Protests

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¶9. (U) Meanwhile, Arthur Williams, the Minister of State in the Ministry of Finance and the Public Service (MOFPS), told an August 24, 2009, meeting of the Jamaica Confederation of Trade Unions (JCTU) that public sector employees would begin receiving increased fringe benefits such as clothing and vehicle allowances in their September paychecks (NOTE: Traditionally, a major portion of Jamaican remuneration packages have consisted of fringe benefits and allowances. Reftel B. END NOTE), but that the public sector wage freeze that went into effect March 31, 2009, would remain in place due to the GOJ's financial straits. Williams pledged that arrears for the period April, 2008, to August, 2009, would be postponed until the first quarter of the 2010-2011 financial year.

¶10. (U) In response, the Union of Schools, Agricultural and Allied Workers (USAAW) announced its intent to issue a 10-day ultimatum to the MOFPS demanding that past commitments be honored. The union represents administrative and maintenance staff at several public schools and community colleges, as well as railway workers and municipal employees. The Jamaica Teachers Association (JTA) had previously intimated that it was considering a strike that might delay the September 7 beginning of the school year in response to the GOJ's failure to make good on promises of back pay (Reftel C).

Cement Employees Paid Late, Hotel Workers Claim Union Busting

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¶11. (U) The private sector Caribbean Cement Company (CCC) notified its employees on August 24, 2009, that it would be unable to make its monthly payroll on time, promising instead to try to pay its workers no later than August 28, 2009. In announcing the delay, CCC management blamed cash flow problems resulting from "sustained contraction in the economy" and poor sales due to import competition and slowdowns in the construction sector, but insisted that it remained committed to the welfare of its employees.

¶12. (U) However, Navel Clarke, General Secretary of the Union of Clerical, Administrative and Supervisory Employees (UCASE) that represents over 80 CCC employees, was not convinced of CCC management's sincerity. "On a matter of principle, the company should have given the workers more notice," Clarke noted, although it appeared unlikely that the union would propose a strike over the issue.

¶13. (U) Meanwhile, 320 employees of Montego Bay's Iberostar Rose Hall hotel were laid off on August 27 when management decided to temporarily shutter the resort due to occupancy levels that had fallen to sixteen percent. Although the Spanish-owned Iberostar announced no plans to close its other Jamaican resorts, Lambert Brown, president of the University and Allied Worker's Union (UAWU) that represents many of the resort's employees, nevertheless decried the move as union busting. "Had it not been," Brown claimed, "they would have come to discuss the issue with us."

Conclusion  
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¶14. (SBU) As Jamaica's economy continues to be buffeted by the effects of the global economic slowdown, the potential for labor unrest becomes more and more likely. The GOJ is attempting to navigate the crisis through budgetary cuts and, potentially, an IMF

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loan while avoiding widespread public sector job cuts that might spark social unrest. Given massive job losses in other sectors in recent years - 50 percent in the sugar industry, 60 percent in bauxite mining (Reftel D), and 90 percent in construction - as well as fears for the tourism industry and the likelihood that the impending privatization of Air Jamaica will result in layoffs as well (Reftel E), the GOJ is hesitant to do anything that might lead to a rise in unemployment. However, public and private sector workers - pressured by inflation, frustrated by wage freezes, and impatient over delayed arrears - might nevertheless come to feel that labor actions represent their only avenue of redress in an economy that seems to be spiraling out of control. End Comment.

Parnell